



**United States Department of Education
Office of Student Financial Assistance Programs
National Student Loan Data System**

NSLDS Loan Status Codes

**Technical Update for Lenders and Lender Servicers–2000–01
October 31, 2000**

*This information is intended for the person in your organization who is responsible for working with the U.S. Department of Education Federal Family Education Loan (FFEL) program and for reporting to guaranty agencies.
If that is not you, please forward this update to the appropriate person.*

Since 1995, lenders (or their servicers) participating in the U.S. Department of Education (ED) Federal Family Education Loan (FFEL) program have been required to submit loan data required by the National Student Loan Data System (NSLDS) to the guaranty agency (GA) that holds the loan guarantee. The Dear Colleague Letter (95-L-177) issued in March 1995 explains the requirement. A second Dear Colleague Letter (97-L-144) issued in May 1997 provided additional information regarding the reporting requirement. Both letters can be found on the Internet at <http://ifap.ed.gov/>.

The data submitted, which must be updated on at least a quarterly basis, has many uses including the prescreening of applicants for financial aid, calculating cohort default rates for schools, and determining fee payments to GAs. The data are also used by ED, other Federal agencies, and the U.S. Congress to make policy and legislative decisions. As stated in the 1997 Dear Colleague Letter, “Completeness and accuracy of information on the NSLDS is critical to the successful management of the student aid programs.”

The purpose of this technical update is to inform you of recent changes made to the reporting requirements for lenders that participate in the FFEL program. In particular, the following changes are addressed and require your immediate attention:

1. Loan Status Code Changes
2. More Frequent Reporting of Balances by Lenders to GAs

Loan Status Code Changes

NSLDS is adding, eliminating, and redefining certain loan status codes that lenders report to GAs. These changes may require significant systems changes. Lenders/lender servicers are expected to implement these changes in accordance with the implementation plan below, but not later than January 1, 2002.

Loan status codes explain the status of a loan, such as in-school, in-grace, deferred, forbearance, or repayment, and are key elements in determining student eligibility and cohort default rates. Loan status codes have remained the same since NSLDS was implemented in October 1994. New and revised codes are being implemented to better meet the purposes of NSLDS and ED requirements. These changes have been reviewed with various lenders and GAs on several occasions. Their input has been carefully considered and many changes were made to earlier drafts.

Included with this technical update is a table showing the loan status codes that affect lenders. The new codes or changes to existing codes or definitions are marked by underlines. Codes being retired or definitions being modified are marked by strike-outs (~~strike-out~~).

Please carefully review the attached table and develop your plans to make the changes needed to report the new and/or revised loan status codes.

Schedule of Changes to Loan Status Codes

GAs may begin using the new loan status codes as early as January 1, 2001. New loan status codes must be used by no later than July 1, 2001, to report status changes on all GA held loans. New loan status codes may be implemented incrementally.

Ideally, lenders should also begin using the new codes by the same date to remain in parallel with the GAs. However, we recognize that all trading partners will not be able to implement the changes needed at the same time. Furthermore, we know that the lender and GA community is implementing the Common Account Maintenance (CAM) format to update loan statuses, loan balances, and other information with a target implementation date of December 2001.

Recognizing these circumstances, NSLDS is requesting lenders to use the new loan status codes as soon as the lender is ready to provide the data to a GA *and* the GA is ready to receive the data, but not later than December 31, 2001. Following is the implementation plan:

Implementation Plan	
Date	Activity
12/31/2000	Raytheon completes NSLDS system changes to accept new loan status codes.
1/1/2001	GAs <i>may</i> start to report new loan status codes.
7/1/2001	<p>GAs <i>must</i>:</p> <ul style="list-style-type: none"> • Be ready to accept new loan status codes from lenders/lender servicers • For lender held loans, report new codes to NSLDS if the new codes are provided by lender/lender servicer • For GA held loans, report new codes to NSLDS where the loan status effective date is on or after 7/1/2001 <p>Existing loan status codes <i>may</i> continue to be used on GA held loans where the loan status effective date is before 7/1/2001.</p>
7/1/2001	<p>Lenders/lender servicers <i>may</i> start to report new loan status codes to GAs.</p> <p>(Note: Lenders/lender servicers may report earlier if mutually agreed to by GA and lender/lender servicer.)</p>
1/1/2002	Lenders/lender servicers <i>must</i> report new loan status codes to GAs where the loan status effective date is on or after 1/1/2002. Existing loan status codes <i>may</i> continue to be used where the loan status effective date is before 1/1/2002.

When Should the New Loan Status Codes Be Used?

The key date used to determine when the new codes must be reported is based on the Date of Loan Status. A loan whose status remains unchanged after the implementation date for the new codes may continue to be reported with the old codes until a change in the status for that loan occurs. After the implementation date, any change in status for that loan must be reported with the new loan status codes.

If there is *no* change in a loan's status, even on or after January 1, 2002, you do not need to change the record to a new code even if the old code is being retired. However, we encourage you to report the new code if you can. For example, if the loan remains in an ID status (which is replaced by IA, IG, or IM), you do not need to report IA after January 1, 2002. You can keep the loan in an ID status so long as the student remains in school. However, if the loan status changes on or after January 1, 2002, to another status, such as IG, you must report the new code and the date the new code became effective.

To further explain the requirements, additional examples are listed below:

Loan Status Code	Loan Status Date	Actions
ID	9/1/1998	Prior to 1/1/2002, lender may continue to report ID. Optionally, lender may report a loan in IA (after 7/1/2001) if the student is still in school and use the date of guaranty as the effective date of the status. If loan enters grace on 2/1/2002, lender must report IG with an effective date of 2/1/2002.
ID/IA	8/15/2000	Lender may report IA with an effective date that corresponds with the date of guaranty. Alternatively, lender may report ID if the effective date is before January 1, 2002.
IG	1/15/2002	Loan moves into grace period. Lender must report IG with an effective date of 1/15/2002.
PC/PN	2/1/2002	A loan is consolidated on 2/1/2002. Lender must report PN with an effective date of 2/1/2002.
UB	2/13/2002	Loan loses insurance on 2/13/2002. Lender must report UB with an effective date of 2/13/2002.

In summary:

- Lenders *may* report the new loan status codes on or after July 1, 2001 (and we encourage you to do so). If a lender wishes to begin using the new codes before July 1, 2001, it must work directly with the GA to ensure it can handle the new codes.
- Lenders *may* continue to use existing loan status codes on or after January 1, 2002, when the Date of Loan Status is before January 1, 2002.
- Lenders *must* report new loan status codes to GAs when the Date of Loan Status is on or after January 1, 2002.

More Frequent Reporting of Balances by Lenders to GAs

NSLDS is used for many functions. Some of these functions, such as determining student eligibility, are dependent on having timely updates of loan data. We applaud the community's efforts to develop and implement the new Common Account Maintenance (CAM) transactions to provide more timely data exchange between the lender and GA community. The lender and GA community is strongly encouraged to update loan data, including balances, at least monthly. Schools in particular have requested the more frequent updates. Some major lenders and lender servicers have already begun reporting monthly and we have seen positive results from the more frequent updates. In summary, ED is strongly encouraging lenders and servicers to work with the GAs to begin reporting monthly. Similarly, GAs are encouraged to report updated balances to NSLDS on a monthly basis.

If you have questions about the new codes, you are encouraged to discuss these questions with the NSLDS contact at the GA. You may also contact the NSLDS Customer Service Center at (800) 999-8219 between 8 a.m. and 8 p.m. eastern time, weekdays, except Federal holidays. You may also email the center at nsldscoe@raytheon.com.